



Title: I, Payroll/Personnel Manual  
Chapter: 28, Section 2, Tax Formulas (TAXES)  
Bulletin: TAXES 09–22, Colorado State Income Tax Withholding  
Date: March 17, 2009  
To: Holders of TAXES (State of Colorado only)  
Personnel User Groups  
T&A Contact Points in Colorado

Beginning with wages paid for Pay Period 10, the National Finance Center (NFC) will make the following changes to the state of Colorado income tax withholdings:

- The exemption allowance will increase from \$3,400 to \$3,650.
- The Single and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the National Finance Center's (NFC) Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click the **Publications** tab. Then on the right-hand Quick Picks menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504–255–4630**.

 for

JOHN S. WHITE, Acting Director  
Government Employees Services Division

# Colorado State Income Tax Information

<b>State Abbreviation:</b>	CO
<b>State Tax Withholding State Code:</b>	08
<b>Acceptable Exemption Form:</b>	None
<b>Basis For Withholding:</b>	Federal Exemptions
<b>Acceptable Exemption Data:</b>	None
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

## Withholding Formula ►(Effective Pay Period 10, 2009)◄



1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$3,650◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Colorado tax withholding.

**Tax Withholding Table  
Single**

If the Amount of Taxable Income Is:		The Amount of Colorado Withholding Should Be:		Of Excess Over:
Over:	But Not Over:			
\$ 0	\$ ►2,050	\$ 0 plus	0%	\$ 0
2,050	and over	0 plus	4.63%	2,050◄

If the Amount of Taxable Income Is:		Married		The Amount of Colorado Withholding Should Be:		Of Excess Over:	
Over:	But Not Over:						
\$ 0	\$  7,750	\$ 0	plus	0%	\$ 0		
7,750	and over	0	plus	4.63%	7,750		

7. Divide the annual Colorado tax withholding by 26 and round to the nearest dollar to obtain the biweekly Colorado tax withholding.